

Some Factoids About the 2006 IPO Market

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Only some of the tables have been updated at this point.

155 operating companies went public in the U.S. in 2006, almost as many as in 2004 and 2005. A higher volume figure has been reported in many sources (as many as over 231 counting all offerings), but the higher numbers typically include banks and S&Ls (7 offerings), partnerships (18 offerings), ADRs (13 offerings), REITs (5 offerings), unit offers (1 offering), acquisition companies (21 offerings), IPOs with an offer price below \$5.00 (0), and closed-end funds (11 offerings), as well as (mainly domestic) operating companies.

Table 1**Mean First-day Returns and Money Left on the Table, 1990-2006**

The sample is IPOs with an offer price of at least \$5.00, excluding ADRs, unit offers, closed-end funds, REITs, partnerships, banks and S&Ls, and stocks not listed on CRSP (CRSP includes Amex, NYSE, and NASDAQ stocks). Proceeds excludes overallotment options, but includes the global offering size. The amount of money left on the table is defined as the offer price to closing market price on the first-day of trading, multiplied by the number of shares offered (excluding overallotment options) on a global basis.

Year	Number of IPOs	Mean First-day Return		Aggregate Amount Left on the Table	Aggregate Proceeds
		Equal- weighted	Proceeds- weighted		
1990	103	10.7%	7.9%	\$0.32 billion	\$4.03 billion
1991	278	11.9%	9.6%	\$1.36 billion	\$14.11 billion
1992	392	10.3%	8.0%	\$1.73 billion	\$21.71 billion
1993	487	12.8%	11.3%	\$3.24 billion	\$28.58 billion
1994	405	9.8%	8.3%	\$1.47 billion	\$17.59 billion
1995	457	21.1%	16.6%	\$4.76 billion	\$28.67 billion
1996	672	17.2%	16.1%	\$6.80 billion	\$42.22 billion
1997	472	13.9%	14.3%	\$4.53 billion	\$31.59 billion
1998	283	21.7%	15.5%	\$5.25 billion	\$33.77 billion
1999	476	71.0%	57.1%	\$36.94 billion	\$64.66 billion
2000	380	56.3%	45.6%	\$29.67 billion	\$65.01 billion
2001	81	13.7%	8.6%	\$2.97 billion	\$34.37 billion
2002	66	9.1%	5.1%	\$1.13 billion	\$22.03 billion
2003	63	12.2%	10.5%	\$1.01 billion	\$9.58 billion
2004	173	12.3%	12.2%	\$3.83 billion	\$31.37 billion
2005	161	10.0%	9.3%	\$2.65 billion	\$28.33 billion
2006	155	12.2%	13.2%	\$3.97 billion	\$30.18 billion
1990-2006	5,104	22.7%	22.0%	\$111.6 billion	\$507.8 billion

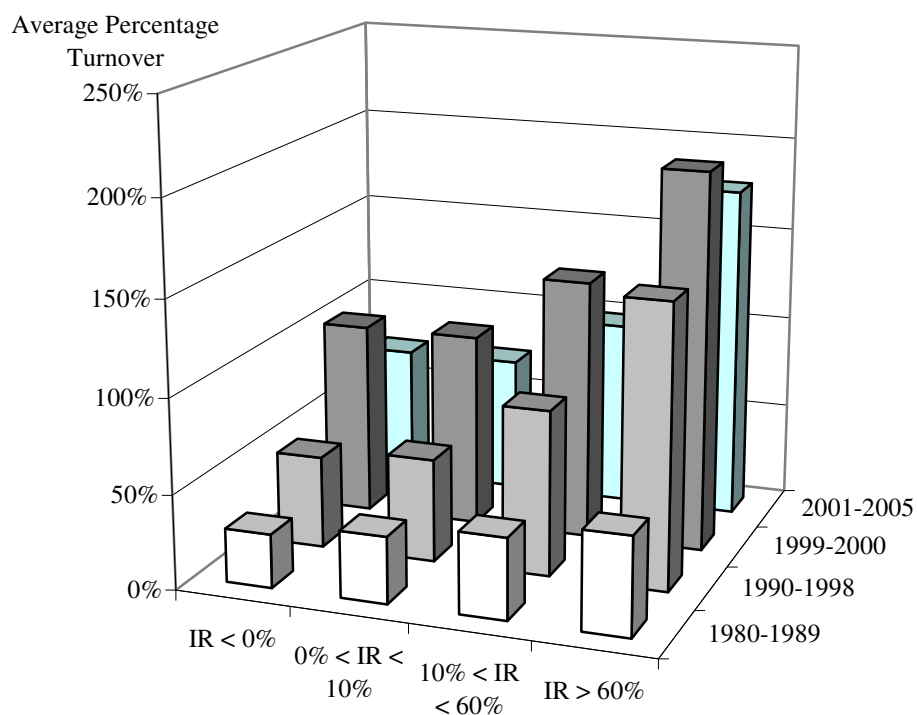
Updated Dec. 28, 2006

Table 2**Mean First-day Returns, Categorized by Sales, for IPOs from 1980-2005**

Sales, measured in millions, are for the last twelve months prior to going public. All sales have been converted into dollars of 2003 purchasing power, using the Consumers Price Index. There are 6,854 IPOs, after excluding IPOs with an offer price of less than \$5.00 per share, units, REITs, ADRs, closed-end funds, banks and S&Ls, firms not listed on CRSP within six months of the offer date, and 140 firms with missing sales. The average first-day return is 18.5%.

	<u>1980-1989</u>		<u>1990-1998</u>		<u>1999-2000</u>		<u>2001-2005</u>	
	Return	N	Return	N	Return	N	Return	N
0≤sales<\$10m	10.1%	393	17.2%	671	69.8%	328	6.1%	77
\$10m≤sales<\$20m	8.7%	253	18.7%	377	79.9%	139	10.5%	27
\$20m≤sales<\$50m	7.6%	492	18.7%	777	74.5%	152	9.7%	70
\$50m≤sales<\$100m	6.5%	345	13.0%	574	60.4%	89	16.1%	72
\$100m≤sales<\$200m	4.6%	241	11.9%	444	35.5%	54	14.7%	79
\$200m≤sales	3.5%	278	8.7%	628	26.0%	87	10.9%	209
All	7.1%	2,002	14.8%	3,471	64.6%	849	11.3%	534

IPO Turnover Categorized by Decade and First-Day Return, 1983-2005



Turnover is calculated as the CRSP-reported first day volume divided by the number of shares issued (global issuance, excluding over allotment options). Amex and NYSE volume numbers are doubled to make them comparable to NASDAQ volume. Updated August 7, 2006.

Table 3
IPO Turnover Categorized by Decade and First-Day Return, 1983-2005

IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, REITs, bank and S&L IPOs, and those with missing volume numbers on CRSP are excluded. Turnover is defined as first-day CRSP trading volume divided by number of shares issued. For NYSE and Amex-listed IPOs, the trading volume is doubled to allow more meaningful comparisons with Nasdaq-listed IPOs. If the first-day turnover is less than 0.2%, the observation is deleted. IPOs before 1983 are not included because CRSP has volume for very few of these stocks.

For Republic Airways Holding (20040526), the CRSP volume of 131,952 is replaced with Bigcharts volume of 1,203,600; and for Nucrust Pharmaceuticals (2051222), the CRSP volume of 49,056 is replaced with Bigcharts volume of 714,500.

Panel A: Percentage of IPOs with Turnover Greater Than 100%

Time Period	Number of IPOs	Percentage with Turnover>100%	Percentage of IPOs on Nasdaq
1983-1989	1,696	1.8%	86%
1990-1998	3,519	23.5%	83%
1999-2000	808	74.9%	91%
2001-2005	545	33.9%	66%
Total	6,568	25.1%	83%

Panel B: Average Turnover Categorized by First-Day Returns

Return Categories	Number of IPOs	Average First-Day Returns	Average Turnover
Return $\leq 0\%$	1,891	-2.4%	46.4%
0% < Return $\leq 10\%$	1,944	4.6%	53.5%
10% < Return $\leq 60\%$	2,283	25.4%	86.8%
Return > 60%	450	121.1%	177.3%
Total	6,568	18.7%	71.5%

Panel C: Average Turnover Categorized by First-Day Returns & Decade

Return Categories	1983-1989	1990-1998	1999-2000	2001-2005
Return $\leq 0\%$	28.4%	48.6%	101.6%	71.7%
0% < Return $\leq 10\%$	35.2%	54.7%	104.8%	72.1%
10% < Return $\leq 60\%$	42.7%	87.1%	137.9%	98.6%
Return > 60%	51.7%	148.6%	200.0%	177.6%
Total	34.1%	69.8%	148.7%	84.7%

Table 4**Median Age and Fraction of IPOs with VC and PE backing, 1980-2006**

7,121 IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, partnerships, acquisition companies, REITs, bank and S&L IPOs, and firms not listed on CRSP are excluded. Missing numbers are supplemented by direct inspection of prospectuses on EDGAR, information from Dealogic for IPOs after 1991, and Howard and Co.'s *Going Public: The IPO Reporter* from 1980-1985. Tech stocks are defined as internet-related stocks plus other technology stocks, not including biotech. Loughran and Ritter (2004) list the SIC codes in their appendix 3 and sources of founding dates in appendix 1. Age is defined as the year of the IPO minus the year of founding. For buyout-backed IPOs, the founding date of the predecessor company is used. VC-backed firms exclude private equity firms that are mainly buyout firms. Private equity (PE) or buyout-backed IPOs were restricted to "reverse LBOs" in the 1980s and 1990s. (Updated Dec. 28, 2006)

Year	Number of IPOs	Median Age	Percentage VC-backed	Percentage PE-backed	Technology IPOs	
					Number	% VC-backed
1980	70	6	33%	n.a.	18	67%
1981	192	8	29%	n.a.	63	41%
1982	77	5	27%	n.a.	36	36%
1983	445	7	26%	n.a.	155	39%
1984	175	8	27%	n.a.	38	55%
1985	184	8	23%	8%	28	54%
1986	389	8	23%	10%	71	44%
1987	276	6	27%	13%	57	65%
1988	100	7	35%	6%	26	65%
1989	109	7	39%	8%	29	62%
1990	103	9	46%	11%	26	81%
1991	278	10	50%	27%	60	72%
1992	392	9	47%	25%	94	76%
1993	487	8	46%	14%	106	79%
1994	405	8	35%	3%	94	59%
1995	457	7	42%	3%	176	64%
1996	672	7	42%	2%	229	63%
1997	472	8	28%	1%	144	49%
1998	283	7	28%	8%	102	50%
1999	476	4	58%	6%	351	69%
2000	380	6	62%	5%	225	68%
2001	81	12	53%	20%	23	74%
2002	66	15	27%	33%	20	55%
2003	63	11	37%	32%	17	53%
2004	173	8	48%	24%	58	69%
2005	161	11	30%	42%	45	56%
2006	155	13	35%	45%		
1980-1989	2,017	7	27%	n.a.	521	47%
1990-1994	1,665	8	44%	16%	380	71%
1995-1998	1,884	7	36%	3%	651	53%
1999-2000	856	5	59%	6%	576	66%
2001-2006	699	11	39%	34%		
1980-2006	7,121	7	38%	11%	2,291	61%

Table 5
Number of U. S. IPOs with an offer price of greater than \$5.00
that doubled (offer to close) in price on the first day of trading:

<u>Quarter</u>	<u>Number</u>	<u>Quarter</u>	<u>Number</u>
1997, first	0	2003, first	0
1997, second	2	2003, second	0
1997, third	0	2003, third	0
1997, fourth	0	2003, fourth	0
1998, first	0	2004, first	0
1998, second	2	2004, second	1 (Jed Oil)
1998, third	3	2004, third	0
1998, fourth	7	2004, fourth	0
1999, first	19	2005, first	0
1999, second	24	2005, second	0
1999, third	26	2005, third	0 (Baidu.com is ADR)
1999, fourth	48	2005, fourth	0
2000, first	48	2006, first	1 (Chipotle Mexican)
2000, second	9	2006, second	0
2000, third	19	2006, third	0
2000, fourth	1 (Transmeta)	2006, fourth	1 (Nymex)
2001, first	0		
2001, second	0		
2001, third	0		
2001, fourth	0		
2002, first	0		
2002, second	0		
2002, third	0		
2002, fourth	0		

Table 6

**Number of Initial Public Offerings, First-Day Return, and
Revisions from the File Price Range by Cohort Year, 1990-2006**

Cohort Year	Number of IPOs	Percentage First-day Return	Percentage of IPOs with OP < Lo	Percentage of IPOs in the Middle	Percentage of IPOs with OP > Hi
1990	89	9.5	25.8	50.6	23.6
1991	256	11.1	19.9	55.9	24.2
1992	345	9.9	38.0	40.9	21.1
1993	441	11.6	21.5	54.2	24.3
1994	336	8.6	37.5	49.4	13.1
1995	387	19.9	20.4	43.4	36.2
1996	599	16.1	25.2	49.4	25.4
1997	420	13.6	30.2	45.7	24.1
1998	283	21.4	28.3	49.1	22.6
1999	465	70.4	15.1	37.0	47.9
2000	371	57.1	22.7	38.5	38.8
2001	79	13.9	27.8	55.7	16.5
2002	67	8.7	31.3	55.2	13.4
2003	66	12.5	16.7	53.0	30.3
2004	171	12.1	38.0	40.9	21.1
2005	161	9.9	34.2	43.5	22.3
2006	154	11.0	40.3	40.9	18.8
1990-2006	4,690	22.6	26.7	46.1	27.2

Banks and S&Ls are included in this table. This table excludes IPOs with a midpoint of the original file price range of less than \$8.00, as well as unit offers, ADRs, closed-end funds, REITs, partnerships, acquisition companies (SIC=6799), and stocks not listed on CRSP (CRSP includes firms listed on the NYSE, Amex, and NASDAQ). If a \$5.00 offer price screen was used instead of the \$8.00 midpoint screen, the sample size would increase by, for example, 20 IPOs in 1999 and 13 in 2000. The file price range is the original file price range. Lo and Hi are the minimum and maximum of the original file price range. For 2005, the sample size of 161 firms is coincidentally the same as in other tables, because there are exactly as many IPOs with a file price range midpoint of less than \$8.00 that are deleted as there are banks and S&Ls that are added. Because the average first-day return is lower on the firms that are added than on those that are deleted, the 9.9% average first-day return in 2005 is less than the 10.0% reported in other tables, such as Table 1. (Updated Dec. 29, 2006)

Percentage of IPOs relative to file price range:

	Below	Within	Above
1980-1989	30%	57%	13%
1990-1998	27%	49%	24%
1999-2000	18%	38%	44%
2001-2006	34%	46%	20%

Average first-day returns relative to file price range:

	Below	Within	Above
1980-1989	0%	6%	20%
1990-1998	4%	11%	32%
1999-2000	8%	26%	121%
2001-2006	3%	10%	28%

The sample used in this table is described in Table 6. (Updated Dec. 29, 2006)

Table 7
NUMBER OF OFFERINGS, AVERAGE FIRST-DAY RETURNS, AND
GROSS PROCEEDS OF INITIAL PUBLIC OFFERINGS IN 1975-2005

Year	Number of Offerings¹	Average First-day Return, %²	Gross Proceeds, \$ Millions³
1975	12	-1.5	262
1976	26	1.9	214
1977	15	3.6	127
1978	20	11.2	209
1979	39	8.5	312
1980	75	13.9	934
1981	197	6.2	2,367
1982	81	10.7	1,016
1983	521	9.0	11,225
1984	222	2.5	2,841
1985	216	6.2	5,492
1986	480	5.9	15,816
1987	341	5.6	12,911
1988	128	5.4	4,125
1989	119	7.9	5,155
1990	112	10.5	4,225
1991	287	11.7	15,398
1992	395	10.1	21,777
1993	505	12.7	28,899
1994	412	9.8	17,784
1995	461	21.1	28,745
1996	687	17.0	42,572
1997	483	13.9	32,478
1998	317	20.1	34,585
1999	487	69.6	65,069
2000	385	55.4	65,627
2001	81	13.7	34,368
2002	70	8.6	22,136
2003	68	12.4	10,122
2004	186	12.2	32,380
2005	169	9.8	28,677
1975-79	112	5.7	1,124
1980-89	2,380	6.8	61,880
1990-99	4,146	21.1	291,531
2000-05	959	29.0	193,310
1975-2005	7,597	17.3	547,845

¹ The number of offerings excludes IPOs with an offer price of less than \$5.00, ADRs; best efforts, units, and Regulation A offers (small issues, raising less than \$1.5 million during the 1980s), real estate investment trusts (REITs), partnerships, and closed-end funds. Banks and S&Ls and non-CRSP-listed IPOs are included.

² First-day returns are computed as the percentage return from the offering price to the first closing market price.

³ Gross proceeds data are from Securities Data Co., and exclude overallotment options but include the international tranche, if any. No adjustments for inflation have been made.

Table 8
Median Age and Fraction of IPOs with Negative Earnings, 1980-2006

IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, partnerships, acquisition companies, REITs, bank and S&L IPOs, and firms not listed on CRSP within six months of the offer date are excluded. When available, we use the earnings per share for the most recent twelve months (commonly known as LTM for last twelve months) prior to going public. When a merger is involved, we use the pro forma numbers (as if the merger had already occurred). When unavailable, we use the most recent fiscal year EPS numbers. Missing numbers are supplemented by direct inspection of prospectuses on EDGAR, and EPS information from Dealogic for IPOs after 1991, and Howard and Co.'s *Going Public: The IPO Reporter* from 1980-1985. Tech stocks are defined as internet-related stocks plus other technology stocks, not including biotech. Loughran and Ritter (2004) list the SIC codes in their appendix 3 and sources of founding dates in appendix 1. Age is defined as the year of the IPO minus the year of founding. (Updated Dec. 29, 2006)

Year	Number of IPOs	Median Age	Percentage Tech Stocks	Percentage of IPOs with EPS<0	Mean First-day Returns	
					EPS<0	EPS≥0
1980	70	6	31%	25%	7.1%	16.9%
1981	191	8	37%	17%	8.4%	5.4%
1982	77	5	52%	20%	8.1%	11.0%
1983	442	7	39%	21%	14.8%	9.0%
1984	172	7	28%	16%	9.2%	2.3%
1985	179	8	19%	15%	5.2%	6.4%
1986	378	8	20%	21%	7.6%	6.0%
1987	271	7	21%	18%	5.0%	6.2%
1988	97	8	27%	18%	7.0%	5.1%
1989	105	7	30%	22%	9.2%	7.8%
1990	104	9	26%	13%	10.4%	10.9%
1991	273	9	24%	24%	10.0%	12.7%
1992	385	10	25%	30%	10.8%	10.0%
1993	483	8	23%	28%	12.9%	12.7%
1994	387	7	27%	24%	8.2%	10.3%
1995	432	7	43%	29%	21.7%	21.4%
1996	621	7	38%	40%	15.4%	17.6%
1997	432	8	34%	34%	12.2%	14.7%
1998	267	7	39%	50%	30.1%	14.0%
1999	457	4	77%	77%	80.1%	41.3%
2000	346	6	67%	80%	58.8%	42.7%
2001	76	12	29%	50%	14.6%	12.4%
2002	67	15	30%	46%	5.1%	12.2%
2003	63	11	27%	45%	11.1%	13.1%
2004	178	8	33%	50%	11.6%	13.1%
2005	161	11	28%	45%	6.9%	12.6%
2006	154	13	28%	40%	7.2%	15.5%
1980-1989	1,982	7	29%	19%	9.1%	6.7%
1990-1994	1,632	8	25%	27%	10.8%	11.4%
1995-1998	1,752	7	38%	36%	19.1%	17.6%
1999-2000	803	5	73%	78%	71.3%	42.1%
2001-2005	699	11	29%	46%	9.5%	13.4%
1980-2006	6,868	8	36%	35%	30.3%	12.6%

Gross Spreads Continue to Remain at 7% on Moderate-Size Deals

Here are the numbers for 2001-2005 for U.S. IPOs raising more than \$20 million (in 1997 dollars, which is \$24.0 million 2005 dollars):

Proceeds Category	
<u>\$20-80 million (inflation-adjusted in 1997 \$)</u>	<u>more than \$80 million (1997 \$)</u>
<7% 7.6% (18, of which 5 were auctions)	45.6% (125, of which 2 were auctions)
=7% 91.6% (217, of which 4 were auctions)	53.7% (147)
>7% 0.8% (2)	0.7% (2)
Total 100% (237 IPOs)	100% (274 IPOs)

So, with a few exceptions (some of these are Canadian firms, and others were taken public by WRHambrecht using auctions), 7% gross spreads for moderate-size IPOs are as entrenched as ever. Indeed, in 1999-2000, deals above \$100 million increasingly had 7% spreads, and this has stuck—in 2001-2005 52.5% of large IPOs also had spreads of exactly 7%. In contrast, during 1997-1998 only 53 of 158 large IPOs (33.5%) had a gross spread of exactly 5%.

Note: The 2005/1997 price ratio is 1.20, so a deal size cutoff in 1997 of \$80 million is a deal size cutoff of \$96 million for IPOs in 2005.

Table 9**Mean and Median Gross Spreads and Number of Managing Underwriters, 1980-2005**

IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, REITs, bank and S&L IPOs, limited partnerships, and firms not listed on CRSP within six months of the offer date are excluded. Means are equally weighted. For gross spreads, the fraction=7% is the percentage of IPOs with a gross spread equal to exactly 7%. The number of managing underwriters is the sum of both leads and co-managers. Spread data is available for all but 20 of the IPOs. The decrease in the fraction of IPOs with a 7% spread in 2001-2002 is due to the smaller fraction of deals with proceeds of less than \$150 million. In 2001-2002, a higher fraction of IPOs were mega-deals, where the gross spread is normally below 7%. UW is Underwriter.

Year	Number of IPOs	Gross Spreads			Fraction with Multiple Bookrunners	Number of Managing UWs	
		Mean	Median	=7%		Mean	Median
1980	70	8.0%	7.5%	3%	0.0%	1.4	1.0
1981	191	7.9%	7.5%	4%	0.0%	1.3	1.0
1982	77	8.0%	7.9%	9%	0.0%	1.4	1.0
1983	442	7.7%	7.3%	14%	0.0%	1.5	1.0
1984	172	7.9%	7.5%	16%	0.0%	1.5	1.0
1985	179	7.7%	7.4%	13%	0.0%	1.5	1.0
1986	378	7.5%	7.2%	15%	0.0%	1.5	1.0
1987	271	7.5%	7.1%	23%	0.0%	1.8	2.0
1988	97	7.3%	7.0%	28%	0.0%	1.7	2.0
1989	105	7.3%	7.0%	42%	0.0%	1.6	2.0
1990	104	7.3%	7.0%	44%	0.0%	1.9	2.0
1991	273	7.1%	7.0%	51%	0.0%	2.0	2.0
1992	385	7.2%	7.0%	53%	0.0%	2.0	2.0
1993	483	7.2%	7.0%	59%	0.0%	2.1	2.0
1994	387	7.3%	7.0%	56%	0.0%	2.0	2.0
1995	432	7.2%	7.0%	67%	0.0%	2.3	2.0
1996	621	7.1%	7.0%	70%	0.0%	2.4	2.0
1997	432	7.1%	7.0%	70%	0.9%	2.5	2.0
1998	267	7.1%	7.0%	70%	1.8%	2.9	3.0
1999	457	6.9%	7.0%	82%	4.6%	3.4	3.0
2000	346	6.9%	7.0%	82%	7.4%	3.7	3.0
2001	76	6.6%	7.0%	62%	18.8%	4.4	4.0
2002	67	6.7%	7.0%	69%	28.8%	4.7	4.0
2003	63	6.8%	7.0%	78%	31.7%	4.0	4.0
2004	174	6.8%	7.0%	76%	39.1%	4.5	4.0
2005	161	6.7%	7.0%	64%	51.6%	4.6	4.0
2006	155	6.8%	7.0%	67%			
1980-2005	6,866	7.2%	7.0%	51.5%	4.0%	2.4	2.0

Table 9A**Number of IPOs Categorized by the LTM Sales (in 2005 \$), 1980-2006**

IPOs with an offer price below \$5.00 per share, unit offers, ADRs, closed-end funds, REITs, bank and S&L IPOs, limited partnerships, and firms not listed on CRSP within six months of the offer date are excluded. Companies with a missing sales (Last Twelve Months) number are also excluded for the LTM Sales columns. There are 6,936 IPOs with sales information (including zero trailing revenue), and 139 IPOs that are excluded due to missing sales information.

Year	No. of IPOs with missing sales	Number of IPOs LTM Sales, \$2005		Percentage of IPOs LTM Sales, \$2005	
		<\$50 mm	>\$50 mm	<\$50 mm	>\$50 mm
1980	3	38	29	57%	43%
1981	5	138	49	74%	26%
1982	1	53	23	70%	30%
1983	1	285	161	64%	36%
1984	4	101	72	58%	42%
1985	3	91	93	49%	51%
1986	17	191	194	49%	51%
1987	6	135	151	47%	53%
1988	2	40	60	40%	60%
1989	2	45	63	42%	58%
1990	3	42	59	42%	58%
1991	8	108	162	40%	60%
1992	3	180	209	46%	54%
1993	6	215	266	45%	55%
1994	8	209	188	53%	47%
1995	7	248	202	55%	45%
1996	20	394	259	60%	40%
1997	14	260	198	57%	43%
1998	7	143	134	52%	48%
1999	2	341	133	72%	28%
2000	6	276	100	73%	27%
2001	0	26	55	32%	68%
2002	0	18	48	27%	73%
2003	0	16	47	34%	66%
2004	7	67	99	40%	60%
2005	4	44	113	28%	62%
2006	0	51	104	33%	67%
1980-2006	139	3,755	3,271	54%	46%

Table 10**Long-run Returns on IPOs Categorized by the Pre-issue Sales of the Firm**

All Last Twelve Months (LTM) sales figures for the firms going public have been converted into dollars of 2005 purchasing power using the Consumer Price Index. IPOs from 1980-2003 are used, with returns calculated through the end of December, 2005. The sample size is 6,424 firms for which sales data is available. IPOs with an offer price below \$5.00 per share, unit offers, ADRs, REITs, closed end funds, partnerships, banks and S&Ls, and IPOs not listed on CRSP within six months of the offer date are excluded. mm is millions of dollars. Buy-and-hold returns are calculated until the earlier of the three-year anniversary or the delisting date (Dec. 31 of 2005 for IPOs from 2003). Market-adjusted returns use the CRSP value-weighted index. Style adjustments use firms matched by market cap and book-to-market ratio with at least five years of CRSP listing and no follow-on equity issues in the prior five years. All returns include dividends and capital gains, including the index returns.

Sales	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
0-9.999 mm	1,356	26.9%	-11.4%	-48.6%	-29.6%
10-19.999 mm	730	27.2%	6.0%	-36.1%	-4.3%
20-49.999 mm	1,437	21.2%	24.3%	-22.2%	-0.5%
50-99.999 mm	1,025	15.0%	43.5%	-2.8%	8.8%
100-499.999 mm	1,376	10.5%	42.1%	-6.0%	12.6%
500 mm and up	500	8.5%	37.4%	-4.1%	6.6%
0-49.999 mm	3,523	24.7%	6.8%	-35.3%	-12.1%
50 mm and up	2,901	11.7%	41.8%	-4.5%	10.2%
1980-2003	6,424	18.8%	22.6%	-21.4%	-2.0%

Table 11**Long-run Returns on IPOs Categorized by VC-backing or Buyout Fund-backing**

All Last Twelve Months (LTM) sales figures for the firms going public have been converted into dollars of 2005 purchasing power using the Consumer Price Index. IPOs from 1980-2003 are used, with returns calculated through the end of December, 2005. In Panel A, the sample size is 6,424 firms for which sales data is available. IPOs with an offer price below \$5.00 per share, unit offers, ADRs, REITs, closed end funds, partnerships, banks and S&Ls, and IPOs not listed on CRSP within six months of the offer date are excluded. In Panel B, two additional screens are implemented, reducing the sample size. These two additional screens are that the last twelve months (LTM) sales of the issuing firm is at least \$50 million (2005 purchasing power) and that the IPO occurred in 1985-2003, since I do not have information on buyout-backed IPOs from 1980-1984. mm is millions of dollars. Buy-and-hold returns are calculated until the earlier of the three-year anniversary or the delisting date (Dec. 31 of 2005 for IPOs from 2003). Market-adjusted returns use the CRSP value-weighted index. Style adjustments use firms matched by market cap and book-to-market ratio with at least five years of CRSP listing and no follow-on equity issues in the prior five years. All returns include dividends and capital gains, including the index returns.

Panel A: IPOs from 1980-2003 categorized by venture capital backing

VC-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
VC-backed	2,508	27.3%	29.0%	-10.3%	7.2%
NonVC-backed	3,916	13.4%	18.4%	-28.5%	-7.9%
All	6,424	18.8%	22.6%	-21.4%	-2.0%

Panel B: IPOs with at least \$50 million in LTM sales (2005 purchasing power) from 1985-2003 categorized by private equity (buyout fund) backing

PE-backed or not	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
PE-backed	448	7.9%	39.5%	6.4%	18.3%
NonPE-backed	2,121	13.4%	41.5%	-5.8%	7.4%
All	2,569	12.4%	41.1%	-3.7%	9.3%

The Growth of IPO Auctions in the U.S.

The average first-day return on WRHambrecht's 17 IPO auctions has been 15.44%. For IPO auctions where WRHambrecht was the bookrunner, the numbers are as follows (as of July 2006):

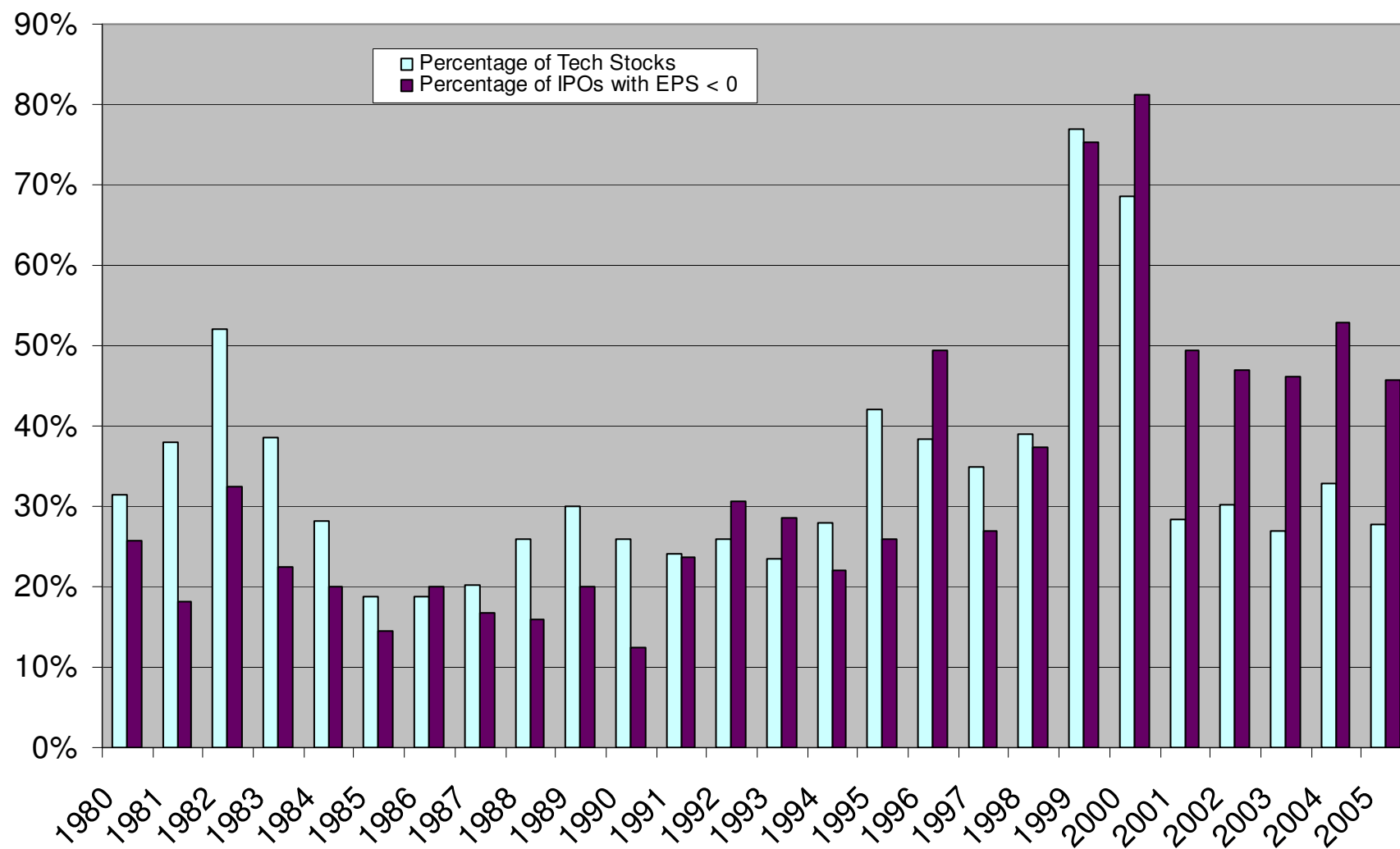
Name of IPO (ticker)	Date of IPO	Gross Spread	Gross Proceeds	First-day Return
1999: (3 out of 477 IPOs)				
Ravenswood Winery (RVWD)	19990408	4.00%	\$10.5 million	3.62%
Salon.com (SALN)	19990622	5.00%	\$26.25 million	-4.76%
Andover.net (ANDN)	19991208	6.50%	\$72.0 million	252.08%
2000: (1 out of 383 IPOs)				
Nogatech (NGTC)	20000518	6.50%	\$42.0 million	-21.58%
2001: (2 out of 81 IPOs)				
Peet's Coffee (PEET)	20010125	6.50%	\$26.4 million	17.25%
Briazz (BRZZ)	20010502	6.00%	\$16.0 million	0.38%
2002: (1 out of 66 IPOs)				
Overstock.com (OSTK)	20020529	4.00%	\$39.0 million	0.23%
2003: (2 out of 63 IPOs)				
RedEnvelope (REDE)	20030925	6.00%	\$30.8 million	3.93%
Genitope (GTOP)	20031029	7.00%	\$33.3 million	11.11%
In 2003, WRHambrecht was also the joint bookrunner with JP Morgan on the Sunset Financial Resources IPO that did not use an auction.				
2004: (1 out of 174 IPOs)				
New River Pharmaceuticals (NRPH)	20040805	7.00%	\$33.6 million	-6.25%
In 2004, WRHambrecht was a co-manager on the Google auction IPO where CSFB and Morgan Stanley were the bookrunners. The IPO climbed 18.04% on its first day of trading.				
2005: (5 out of 162 IPOs)				
B of I Holding (BOFI)	20050315	6.00%	\$35.1 million	0.00%
Morningstar (MORN)	20050502	2.00%	\$140.83 million	8.38%
CryoCor (CRYO)	20050714	7.00%	\$40.8 million	-1.18%
Avalon Pharmaceuticals (AVRX)	20050928	7.00%	\$28.88 million	-5.10%
Dover Saddlery (DOVR)	20051117	5.00%	\$27.5 million	2.50%
2006:				
Traffic.com (TRFC)	20060125	6.00%	\$78.6 million	1.25%
FortuNet (FNET)	20060131	4.50%	\$22.5 million	0.56%

Table I of Ritter and Welch 2002 *Journal of Finance* article, updated on April 12, 2006
Number of IPOs, First-day Returns, and Long Run Performance, 1980 to 2002

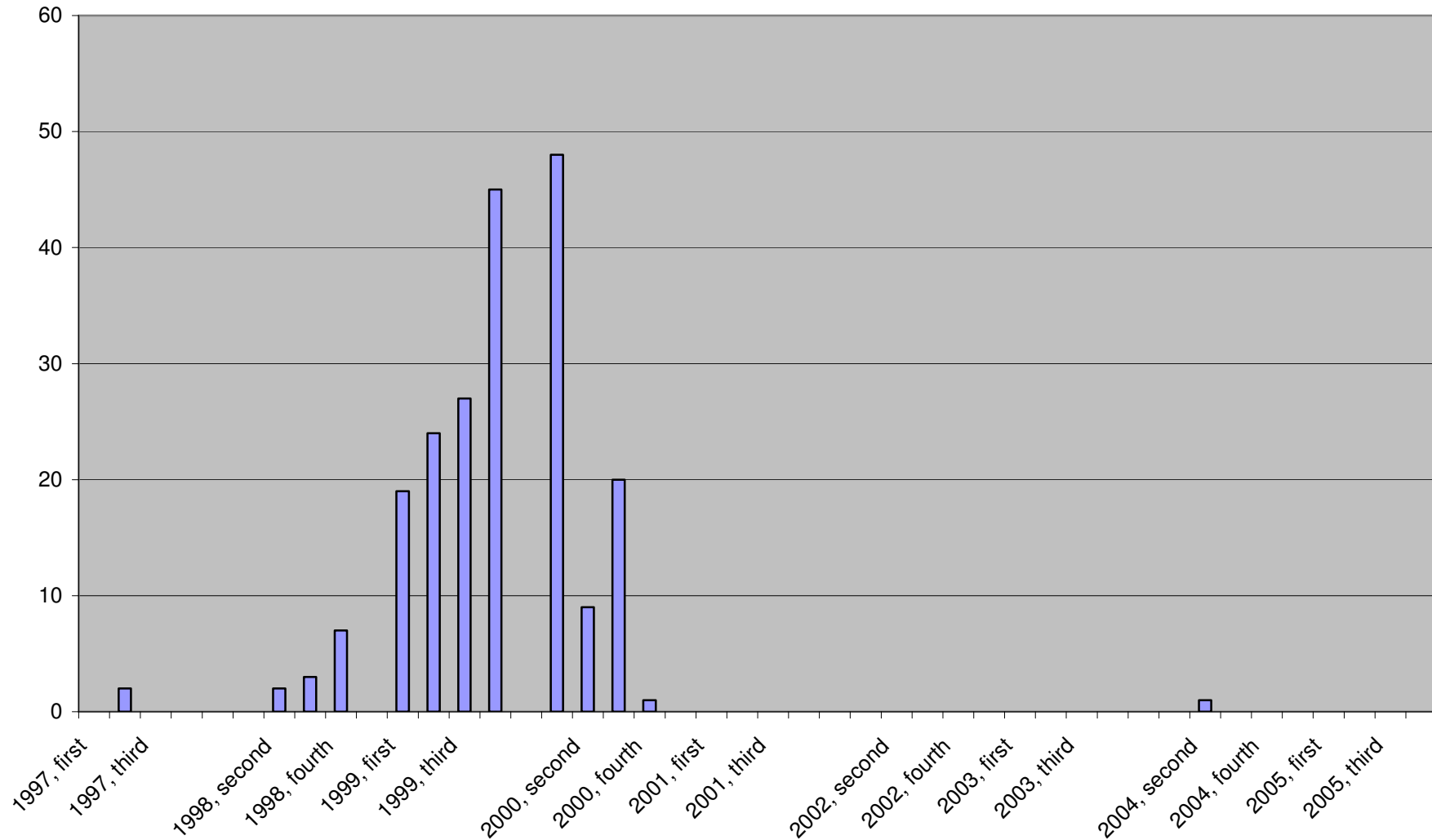
The equally weighted (EW) average first-day return is measured from the offer price to the first CRSP-listed closing price. EW average three-year buy-and-hold percentage returns (capital gains plus dividends) are calculated from the first closing market price to the earlier of the three-year anniversary price, the delisting price, or December 31, 2005. Buy-and-hold returns for initial public offerings (IPOs) occurring after Dec. 31, 2002 are not calculated. Market-adjusted returns are calculated as the buy-and-hold return on an IPO minus the compounded daily return on the CRSP value-weighted index of Amex, Nasdaq, and NYSE firms. Style-adjusted buy-and-hold returns are calculated as the difference between the return on an IPO and a style-matched firm. For each IPO, a non-IPO matching firm that has been CRSP-listed for at least five years with the closest market capitalization and book-to-market ratio as the IPO is used. If this is delisted prior to the IPO return's ending date, or if it conducts a follow-on stock offering, a replacement matching firm is spliced in on a point-forward basis. IPOs with an offer price below \$5.00 per share, unit offers, REITs, closed-end funds, banks and S&Ls, ADRs, and IPOs not listed on CRSP within six months of issuing have been excluded. Data is from Thomson Financial Securities Data, with supplements from Dealogic and other sources, and corrections by the authors.

Year	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
1980	70	14.5%	88.2%	35.5%	17.1%
1981	191	5.9%	12.8%	-26.2%	-7.4%
1982	77	11.4%	32.2%	-36.5%	-48.7%
1983	442	10.1%	15.4%	-38.7%	2.5%
1984	172	3.6%	27.7%	-51.3%	3.0%
1985	179	6.3%	7.6%	-39.5%	7.3%
1986	378	6.3%	18.6%	-20.4%	14.3%
1987	271	6.0%	-1.8%	-18.9%	4.5%
1988	97	5.4%	55.7%	8.3%	51.3%
1989	105	8.1%	51.1%	16.8%	32.5%
1990	104	10.8%	12.2%	-34.1%	-32.4%
1991	273	12.1%	31.5%	-1.7%	5.8%
1992	385	10.2%	34.8%	-2.3%	-19.4%
1993	483	12.8%	44.9%	-7.8%	-23.9%
1994	387	9.8%	74.1%	-8.3%	1.0%
1995	432	21.5%	24.8%	-62.3%	-14.1%
1996	621	16.7%	25.6%	-57.0%	8.6%
1997	432	13.8%	67.7%	6.8%	41.0%
1998	267	22.3%	27.1%	9.1%	12.2%
1999	457	71.7%	-45.2%	-30.2%	-52.0%
2000	344	56.2%	-59.6%	-30.2%	-48.5%
2001	81	13.7%	16.8%	13.4%	-6.5%
2002	66	9.1%	68.5%	39.9%	23.8%
2003	63	12.2%	26.1%	-4.6%	-13.7%
2004	175	12.2%	32.9%	15.4%	11.5%
1980-1989	1,982	7.4%	20.8%	-24.7%	6.9%
1990-1994	1,632	11.2%	44.7%	-7.2%	-12.7%
1995-1998	1,752	18.1%	36.0%	-32.3%	11.6%
1999-2000	801	65.0%	-51.4%	-30.2%	-50.0%
2001-2004	385	12.0%	34.5%	15.7%	5.6%
1980-2004	6,552	18.5%	22.4%	-20.7%	-3.8%

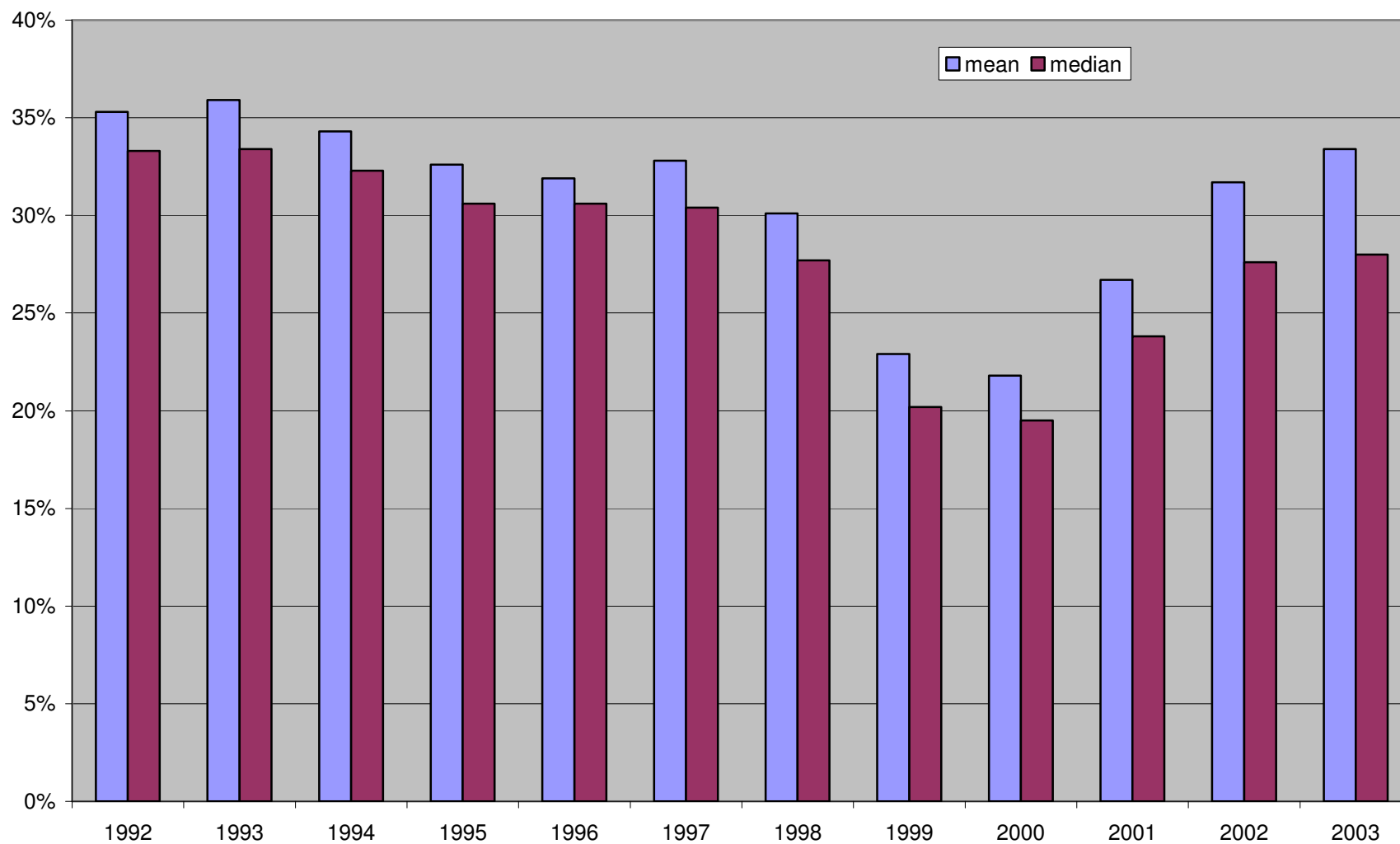
Fraction of IPOs with Negative Earnings and Fraction of Tech Stocks, 1980-2005



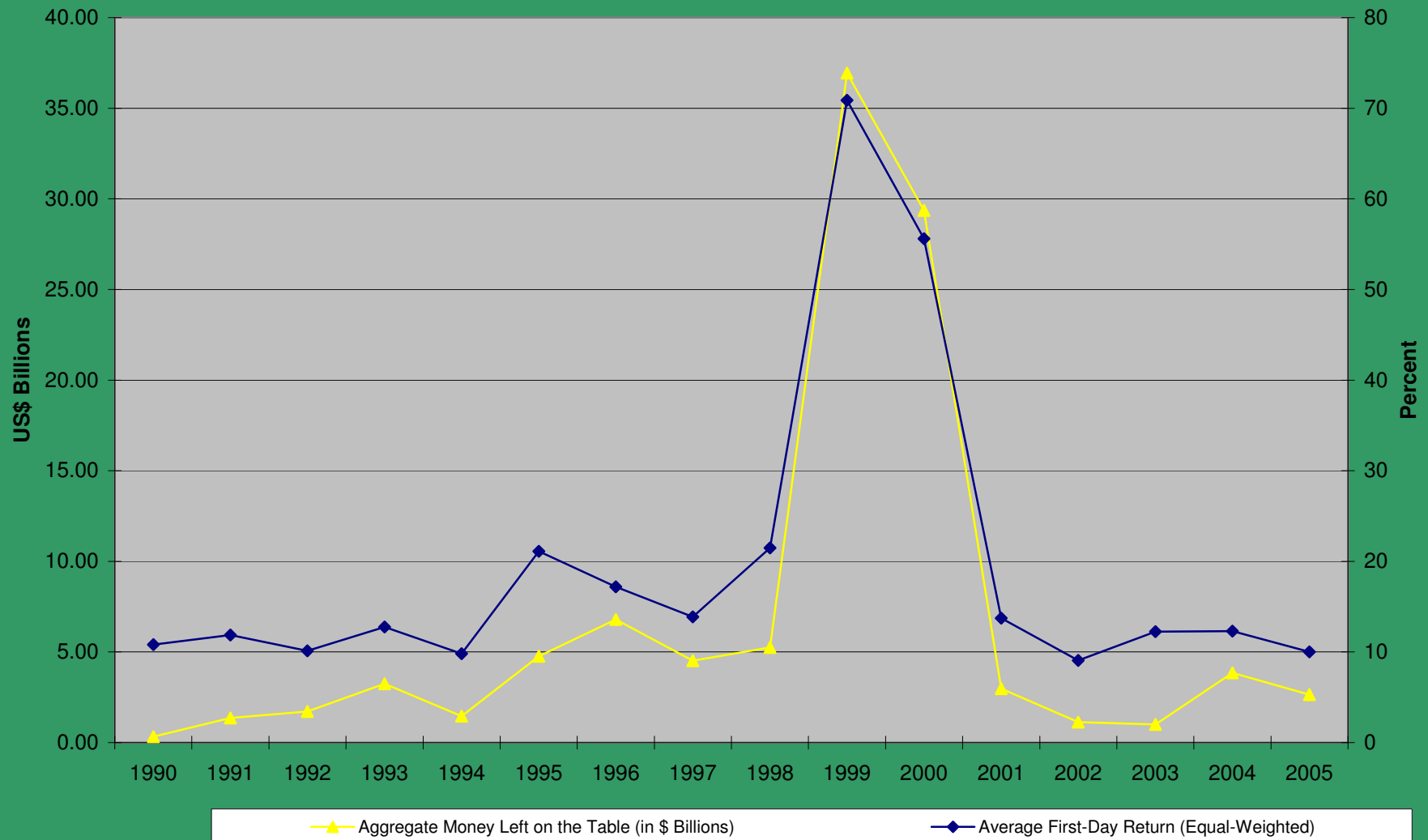
Number of IPOs with an Offer Price > \$5 Doubling in Price on the First Day of Trading by Quarter, 1997-2005



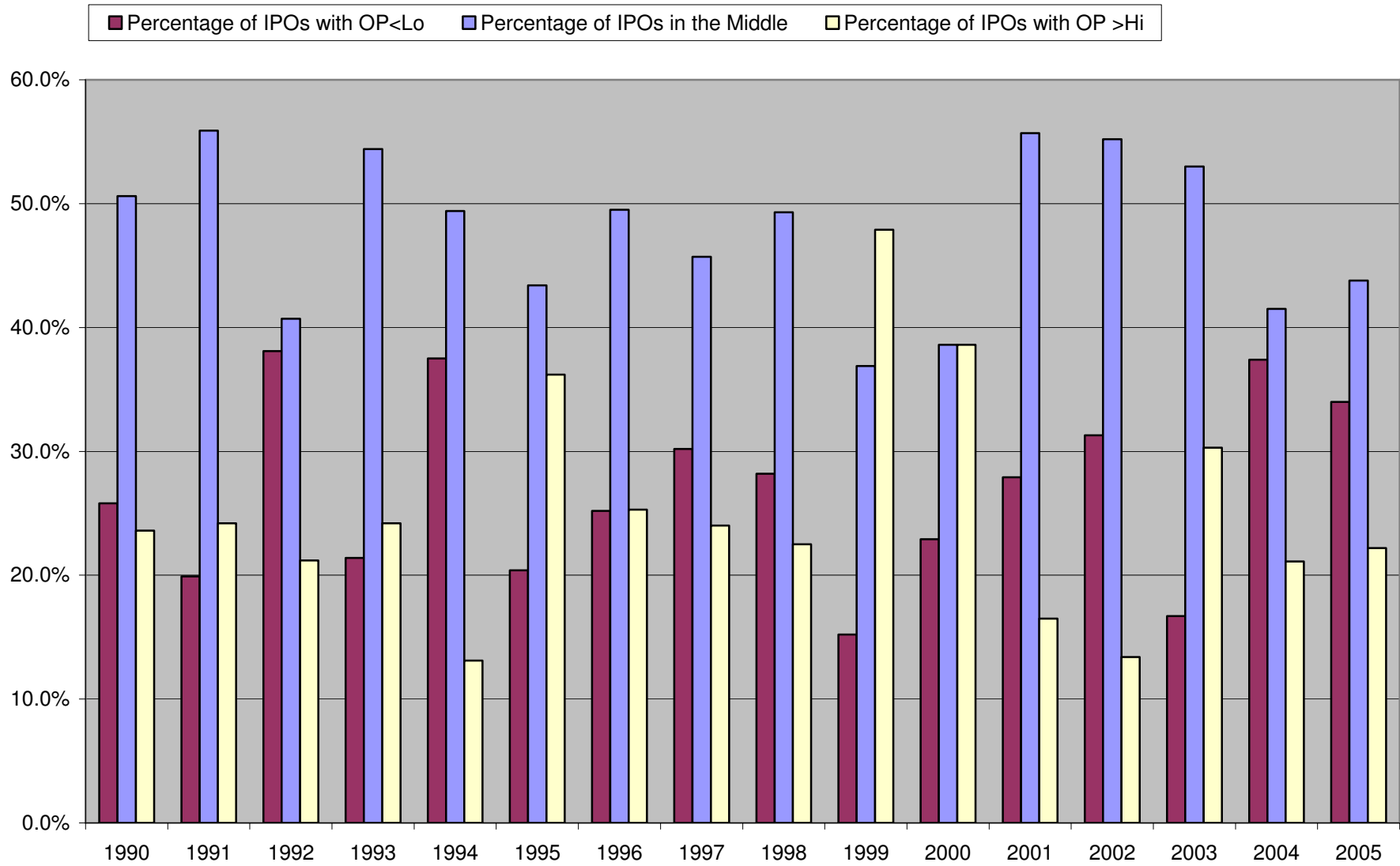
Mean and Median Public Float as a Fraction of Post-Issue Shares Outstanding



Average First-Day Return and Aggregate Amount Left on the Table, 1980-2005



First-Day Return and Revisions from the File Price Range, 1990-2005



Number of Offerings and Average First-Day Return, 1980-2005

